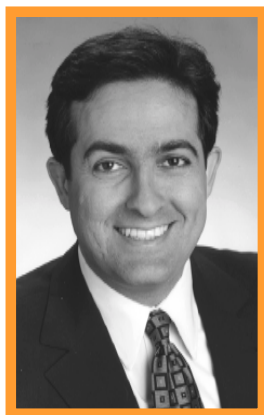


California Board of Accountancy

President's Message



Navid Sharafatian, Esq.
President

*A*s never before, the accounting profession is under scrutiny at all levels, within our state, the nation, and even internationally. Interestingly enough, it is at this time that the California Board of Accountancy has chosen a public member as its President for only the second time in the Board's history. As such, I would like to thank my fellow Board members for the faith with which they have entrusted me in this important responsibility. It is a privilege to serve the agency which licenses and regulates over 66,000 CPAs, PAs, and accountancy firms.

To say the least, your Board has been hard at work. Since I was elected President on November 16, 2001, a Board that normally would have held four meetings in this six-month period has met twice that many times. Eight Board meetings, plus the forming of a special task force that has met three times, added to the convening of the Board's first-ever public hearing, produce a sum total greater than simple numbers can convey. This

expenditure of time, energy, and professional skills signifies not only the seriousness and importance of the issues before us, but also the dedication of the CBA's staff and the considerable commitment of this Board to the proper regulation of the profession.

Meantime, in November and December 2001, the Board faced a major project in reviewing and analyzing a draft contract between the AICPA, NASBA, and Prometric — a provider of technology-based testing — for the implementation of a computerized CPA Examination to replace the "pencil and paper" exam. The entire Board and staff, under extreme time pressure, expended great effort and resources in reviewing this contract, ultimately presenting NASBA with a report that resulted in a number of significant changes. This contract is now in its final stages, and we should be hearing more about a computer-based exam. I would like to recognize licensee Board member Wendy Perez for the inordinate amount of time she spent on this project.

Just as the Board finished its work on the proposed exam contract, the accounting profession and the nation were faced with the collapse of Enron and ensuing allegations involving the auditing of the now-bankrupt company. It became clear that the auditing irregularities resulted in great and unfortunate consumer harm, injury and harm which was not only limited to Enron employees, but also extended to Californians invested in

*(Please see President's Message,
continued on page 2)*

Spokane

Mission Statement

The mission of the California Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed and that appropriate standards of competency and practice are established and enforced.

Vision Statement

It is the vision of the California Board of Accountancy to become the premier regulatory agency that operates with maximum efficiency, fosters continuous quality improvement, and provides exemplary consumer protection while recognizing the changing consumer demographics and nature of services provided by licensed professionals.

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President's Message (continued from page 1)

that company. Recognizing the urgent need to attempt to avoid future consumer harm of this kind in California, the Board immediately acted at its first meeting after the news of Enron became public.

At its meeting of January 22, 2002, the Board held a discussion of its oversight role in dealing with the recent national issues related to the practice standards of the public accounting profession. During its discourse, the Board identified four critical issues that could pose the greatest possibility of consumer harm:

- Record Retention/Working Paper Documentation Practices.
- Influence of Non-Audit Services on Auditor Independence and Objectivity.
- Auditors Becoming Employees of their Clients and the Subsequent Impact.
- Auditor's Responsibility to Detect and Report Errors and Irregularities.

To study these issues, the Board formed the Audit Standards and Practices Review Task Force. Task Force members included Board members, members of Board committees, representatives of the profession, and representatives of consumer groups.

In developing recommendations on the four critical issues within a short time frame, the Task Force organized itself into smaller work groups with two or three members. What ensued was a swift, exhaustive, but deliberative process in which the Task Force analyzed and discussed these issues. The Task Force met three times between February and March, and it presented its recommendations to the entire Board at the meeting of March 23, 2002. Special recognition should be given to all the Task Force members and especially Board member Ian Thomas who expended great time and effort chairing the Task Force.

To obtain information about consumer concerns related to the regulation of the accounting profession following Enron's collapse, on February 27, 2002, the Board also held an unprecedented public hearing. Testimony was provided by Senator Liz Figueroa, Chair of the Senate Business and Professions Committee; Ted White representing the California Public Employees Retirement System; and representatives of the following consumer advocacy organizations: Center for Public Interest Law,

(Please see President's Message, continued on page 10)

Issues of Interest

to the Consumer and the Practitioner

News to You

New Board Members

Two new members have been appointed to the California Board of Accountancy. One is a public member; the second appointee is a Certified Public Accountant.

Stuart Waldman of Van Nuys was appointed in December 2001 by Assembly Member Robert Hertzberg, who was then Speaker of the Assembly. Active in many community organizations in the San Fernando Valley, Mr. Waldman also is Assembly Member Herzberg's chief of staff.

Charles Drott, CPA and Certified Fraud Examiner, was appointed to the Board in March 2002 by Governor Davis. Mr. Drott has more than 35 years of professional experience. Currently, he practices in Novato, where he focuses on investigating cases alleging accounting fraud or professional misconduct.

Audit Standards and Practices Review Task Force Recommendations

To address critical consumer concerns following the Enron collapse, the Board's new Audit Standards and Practices Review Task Force met in February and March 2002 to discuss ways to address issues concerning record retention, non-audit services, and certain matters and responsibilities pertaining to auditors.

The Task Force's recommendations related to these issues were considered by the Board at its March 23 and April 3, 2002, meetings. For more information on the Task Force's activities and related actions by the Board, see the President's Message and a related article on Page 4.

Board Holds Public Hearing on Audit Standards and Practices

In addition to obtaining information from the Audit Standards and Practices Review Task Force, the Board also held a public hearing in Los Angeles on

February 27, 2002, to hear consumer concerns related to the regulation of the accounting profession.

Testimony was provided by Senator Liz Figueroa, Chair of the Senate Business and Professions Committee, Ted White representing the California Public Employees Retirement System, and representatives of three consumer advocacy organizations. Representatives of the profession also expressed their views.

Information from the hearing was considered by both the Audit Standards and Practices Review Task Force and the Board.

Computer-Based Uniform CPA Examination

The Board continues to monitor and support the AICPA's efforts to develop the computer-based Uniform CPA Examination. The anticipated implementation date, according to the AICPA, is November 2003.

As a member of two national task forces, the Board's Executive Officer, Carol Sigmann, is an active participant in ongoing discussions regarding the granting of credit and transitioning policies that will affect California's CPA Examination candidates.

The Board is committed to developing transitioning policies that balance fairness to candidates with the need for efficient administration and protection of the public interest.

The Board will continue to provide updates as policy decisions and other pertinent information becomes available.

Board Forms Audit Standards and Practices Review Task Force

To address critical consumer concerns following the collapse of Enron, the California Board of Accountancy recently created and organized its Audit Standards and Practices Review Task Force. Task Force members included Board members, members of Board committees, representatives of the profession and representatives of consumer groups.

The Task Force focused on the following four major issues:

- Record Retention/Working Paper Documentation Practices.
- Influence of Non-Audit Services on Auditor Independence and Objectivity.
- Auditors Becoming Employees of their Clients and the Subsequent Impact.
- Auditor's Responsibility to Detect and Report Errors and Irregularities.

After meeting three times between February and March 2002, the Task Force presented its recommendations to the Board at the March 23, 2002, Board meeting. At a special teleconference meeting on April 3, 2002, the following decisions were made based on the Task Force's recommendations:

- The Board expressed its support for requiring a seven-year period of retention for working papers. It also supported a requirement, similar to the Government Accounting Office standard, that working papers contain sufficient documentation to enable a reviewer with relevant knowledge and experience, but having no previous connection with the engagement, to understand the nature, timing, extent, and results of the auditing procedures performed.
- The Board expressed support for restricting the nonaudit services that accounting firms may perform for the publicly traded companies they audit. For example, in addition to the restrictions in the

current SEC independence rules, the Board endorses prohibiting accounting firms from designing or implementing information technology systems for their audit clients or offering internal audit outsourcing.

- The CBA supports a two-year ban preventing auditors who are required to exercise significant judgement in the audit process from accepting employment in the following positions with the audit client: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer or Controller, or the functional equivalent of any of these positions.
- The Board supports changes in the auditor's report so that consumers are better informed about the meaning of the report and what can be expected from the audit process. Further, the Board endorses expanded disclosures, as appropriate, for highly complex, unusual, or aggressive transactions, the omission of which could make the financial statements misleading or potentially cause the consumer to make an erroneous decision. The Board recognizes that these changes must take place on the national level and plans to seek the support of the profession and the California Legislature in pursuing this objective.

A report of the Task Force's work and recommendations has been provided to the Department of Consumer Affairs and to the Legislature. These recommendations may also be included in legislation. Watch for new information in future issues of *Update*. ❖



California Board of Accountancy

What's New at www.dca.ca.gov/cba

New search feature

Recently we added a new element to the Board's Web site — a search feature. On the *Table of Contents* page, you can choose to search either the California State Portal or the Board's Web site using keywords.

To use this feature, enter keywords relating to the information you wish to view; then click on the "Search" button. Examples of keywords include pathway, commissions, regulations, history, forms, Task Force, auditor, tax, and so forth.

On other pages you can choose to search only the Board of Accountancy's Web site, again by entering keywords in the search box and clicking on the "Search" button. You will see a list of the pages that contain the requested information where you can choose a page by clicking on the page title. The page you choose will be displayed for you.

As our Web site continues to grow, we strive to make it as easy as possible to find the information you seek.

Meeting Announcements

In accordance with the Bagley-Keene Open Meeting Act, all Board, Committee, and Task Force meeting notices and agendas are available on the Board's Web site at least 10 days in advance of the meeting. These notices are in Portable Document Format (PDF) and can be accessed from the Board Calendar page or the Table of Contents page by clicking on the name of the meeting. You can print these notices for your reference if you wish.

Viewing and printing a PDF file requires the installation of *Adobe Acrobat Reader*, free software available through our Web site.

License Lookup Computer Hardware Upgrade

During the past year, our Web License Lookup feature has experienced well over 21,000 "hits" per month. Since we are just one board within of the

Department of Consumer Affairs (DCA), it is easy to imagine the total number of inquiries each month for the whole department.

Because of the high volume of inquiries, the computer equipment was overloaded and many people experienced delays in accessing information. However, we are pleased that DCA has recently added new computer equipment and expect that users will now be able to perform their license status checks with no delay.

RQM Information Added

In February 2002, we added a new page describing our Report Quality Monitoring Program. This page was added as a result of several inquiries from licensees regarding the specifics of the program.

We value your input and always look forward to hearing suggestions to make the Board's Web site more informative for our licensees. Please address your comments and questions concerning the Board's Web site to Ms. Holly Hansen, our Web Page Master, at pagemaster@cba.ca.gov. ❖

Can a Non-Licensee Legally Issue Reports and Statements?

by Larry Knapp, Supervising Investigative CPA

The California Board of Accountancy periodically receives inquiries regarding whether it is lawful in California for an unlicensed individual to prepare and submit financial statements to a client. This article clarifies the financial statement services that can be provided by unlicensed individuals and the types of reports they can issue.

The preparation of financial statements by a nonlicensee (such as a bookkeeper or an Enrolled Agent) is not considered the practice of public accountancy, as defined in Business and Professions Code Section 5051 — as long as any report or letter that accompanies the financial statements does not express any form of opinion or assurance on the financial statements. In addition, the accompanying report or letter cannot reference the American Institute of Certified Public Accountants or professional standards such as generally accepted auditing standards and the statements on standards for accounting and review services. Such references would indicate that a licensed accountant prepared the financial statements.

The following are two examples of reports that can be used by unlicensed individuals.

1. “I [we] have prepared the accompanying financial statements of [name of entity] as of [time period] for the [period] then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management [owners].

I [we] have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.”

2. “We [I] have prepared the accompanying statement of assets liabilities and equity for [name of company] as of [month-day-year], together with the related statements revenue, expense, [and cash flow] for the year [or month] then ended on the income tax basis of accounting.

The preparation of financial statements on the income tax basis of accounting is limited to presenting information that is the representation of management [the owners]. We [I] have not audited nor reviewed the accompanying statements. Accordingly, we [I] do not, express an opinion or any other form of assurance on them.

Management has [The owners have] elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the company’s assets, liabilities, equity, revenues, expenses [and cash flows]. Accordingly, these financial statements are not designed for those who are not informed about such matters.”

The Board has proposed the above two examples for inclusion as “Safe Harbor Language” within the California Code of Regulations, Title 16, Division 1. This regulation is anticipated to become formally effective later this year; however, earlier use of this language will not be considered the practice of public accountancy. ❖

Enforcement FAQ

Question:

I prepared income tax returns for a former client and provided him the original returns for filing with the taxing agencies and a copy for his records. He is now requesting an additional copy of the returns. Assuming that I still have copies, am I required to provide this former client with an additional copy of the income tax returns?

Answer:

A licensee who was engaged and prepared income tax returns for a client and provided the client with the completed original and a copy of the income tax returns, as defined under Internal Revenue Code Section 6107(a), is not required to provide additional copies under applicable California accountancy statutes and regulations. However, licensees are required to return tax records provided by the client and provide a copy of the licensee's working papers that support information on the tax returns.

Under Business and Professions Code Section 5037:

(b) A licensee shall furnish to his or her client or former client, upon request and reasonable notice:

(1) A copy of the licensee's working papers to the extent that those working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client.

(2) Any accounting or other records belonging to, or obtained from or on behalf of, the client which the licensee removed from the client's premises or received for the client's account. The licensee may make and retain copies of documents of the client when they form the basis for work done by him or her.

A former client who is seeking additional copies of federal and/or state tax returns may request copies, if available, from the Internal Revenue Service (IRS) and/or the Franchise Tax Board (FTB). For example, a former client may request copies of federal and state individual income tax returns by filing IRS Form 4506, Request for Copy or Transcript of Tax Form" and Form FTB 3516 "Request for Copy of Personal Income Tax or Fiduciary Return."

Introducing Form G

In response to changes to the licensing requirements that became effective January 1, 2002, the Board has developed a form to document a candidate's general public accounting experience for obtaining the CPA license in California. This is the new Form G.

While the California Board of Accountancy continues to issue only one CPA license, the recent law changes provide candidates the option of obtaining the CPA license without satisfying an attest experience requirement.

In the past, to qualify for the CPA license in California, all candidates were required to fulfil this requirement. Depending upon the individual's education at the time of application, there was a 24, 36, or 48-month experience requirement. Now, to qualify for licensure, candidates can choose to satisfy a one-year (Pathway 2) or two-year (Pathway 1) general public accounting experience requirement. However, an individual who obtains the CPA license without satisfying the attest experience requirement cannot sign reports on attest engagements.

Under Business and Professions Code Sections 5092 and 5093, general public accounting experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. As with audit experience, general public accounting experience must be performed in accordance with applicable professional standards.

Experience in public accounting must be completed under the supervision of a person with a valid license to practice public accountancy in any state or country. However, experience in private and governmental accounting is acceptable only if completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy. If a candidate performs attest services as part of the general experience requirement, it must be performed under the supervision of a licensee who is authorized to sign reports on attest engagements.

The minimum of 500 hours of qualifying attest experience that is required to sign reports on attest engagements may be satisfied subsequent to the issuance of the CPA license. A licensee with an active California CPA license, who initially satisfied a general public accounting experience requirement for licensure, may commence signing reports on attest engagements only after notification from the Board that the attest experience requirement has been satisfied.

Generally, the new Form G requires two signatures. Public accounting experience must be verified by the licensee supervisor and a second licensee with a higher level of responsibility in the firm. However, if the first person signing the Form G is a sole proprietor, partner or shareholder, a second signature is not required.

Private or government accounting experience requires verification by a supervisor holding a valid license or comparable authority to practice public accounting — and a second person with a higher level of responsibility in the business/agency. The second signer is not required to hold a valid license or comparable authority to practice public accounting. Again, if the first signer is also the owner of the business/agency, no second signature is required.

With the exception of fingerprint cards, Live Scan Request forms, and status cards, the Form G and all other licensing documents are available on the Board's Web site at www.dca.ca.gov/cba. ❖

Does the *Statement on Standards for Continuing Professional Education Programs* Affect Licensees?

Statement on Standards for CPE Programs

The *Statement on Standards for CPE Programs* is issued jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA). The standards provide the foundation for many of the state boards' CE requirements, and they identify new trends in CE development and technology. However, the standards are advisory and informational only — they are not law or regulation, but rather recommendations on the content, development, presentation, and reporting of CE for CPAs. The standards are substantially similar to California CE requirements but, again, they are not requirements. A copy of the *Statement on Standards for CPE Programs* is available on NASBA's Web site at www.nasba.org by clicking on "CPE."

Continuing Education Requirements (per the California Accountancy Act and the Board of Accountancy Regulations)

To renew in active status, California licensees are required to complete 80 hours of qualifying CE in each two-year license renewal period. Licensees must complete a minimum of 50 percent (40 hours) of their total CE in the following technical subjects: accounting, auditing, computer and information technology (except word processing), consulting, financial planning, professional conduct and ethics, taxation, and specialized industry or government practices.

A licensee who plans, directs, performs substantial portions of the work, or reports on an audit, review, compilation, or attest service must complete 24 hours of accounting and auditing (A&A) CE as part of the technical CE requirement. A licensee who plans, directs, conducts substantial portions of field work, or reports on financial or compliance audits of a government agency is required to complete 24 hours of government accounting, auditing, or related subjects. Completion of the government auditing requirement also satisfies the A&A requirement.

Licensees may claim a maximum of 50 percent of their total CE in the following non-technical subjects: word processing, communication skills, negotiation skills, motivational techniques, marketing and sales, office management, practice management, or personnel management.

Acceptable CE may be in either a live presentation (no-test) format, formal correspondence or self-study programs with a test at the conclusion of the course. Live courses receive hour-for-hour credit for actual attendance with 50 minutes equaling one hour of class time. Programs composed of several segments of less than 50 minutes may be added together in increments of not less than 25 minutes to determine the total CE hours. CE hours cannot include a participant's course preparation or study time.

The number of CE hours credited for a self-study course is determined according to whether it is interactive or non-interactive. An interactive self-study course simulates a classroom learning process by using software or other technology-based systems to provide ongoing interactive feedback to the participant regarding the student's learning progress. Interactive self-study courses receive CE credit equal to the average completion time (100 percent). Non-interactive self-study courses receive CE credit equal to half (50 percent) of the average completion time. In addition, course participants must receive a passing score on a test given at the conclusion of the course.

To qualify as CE, the course sponsor must provide a certificate of completion to course participants upon successfully completing the course. The live course certificate must contain the following information: name of licensee, school/firm/organization conducting the course, course title or description, dates of attendance, and hours of actual attendance. The self-study course certificate must contain the following information: name of licensee, school/firm/organization providing the course, course title or description, date of completion, and number of CE hours. Licensees are required to retain the certificates for a period of four years, except for a professional conduct and ethics course which must be retained for six years following license renewal.

(Please see *Statement on Standards*, continued on page 10)

In addition, licensees may receive CE credit as an instructor, discussion leader, or speaker based on the actual presentation hours, plus up to two additional hours of actual preparation time for each hour taught. The maximum credit cannot exceed 50 percent (40 hours) of the renewal period requirement. Credit is not allowed for repeat presentations unless the instructor can demonstrate that the program content substantially changed and required significant additional study or research.

Credit also may be claimed for writing published articles and books, provided the publisher is not under the control of the licensee, writing instructional materials for continuing education programs, or writing questions for the Uniform CPA Examination. The maximum credit allowed cannot exceed 25 percent (20 hours) of the renewal period requirement.

Please note that you cannot carry over CE hours from one renewal period to another. So, if you renew early and then complete some new CE before your license expires in its current renewal period, you cannot count that CE towards the CE requirement for the next renewal period. A renewal period extends from one license expiration date to the next expiration date. ❖

President's Message (continued from page 2)


Consumer's Union, and the Greenlining Institute. Representatives of the profession also expressed their views. Information from the hearing was considered by both the Task Force and the Board. In addition, Board members and staff testified before the Assembly Business and Professions Committee on February 19, 2002, and have been engaged in dialogue and correspondence both with California legislators as well as federal regulators and legislators.

On a parallel track, the Board's Committee on Professional Conduct (CPC) has recommended that its self-reporting requirement be enhanced by mandating the reporting of civil judgments. The CPC also recommended adding a requirement that courts report similar information to the Board. The CPC's recommendations were adopted by the Board at its March 23, 2002, meeting. The work of the Board, the Task Force, and the CPC have been documented in a report titled *California Board of Accountancy Report and Recommendations on Audit Standards and Practices*, posted on our Web site at www.dca.ca.gov/cba.

Throughout this process, we have studied not only the relevant issues in depth, but also we have

kept our deliberations open, and all interested parties have had an opportunity to participate in the process. While the value of this to the profession is inestimable, it is certain that the confidence of the public in the profession's integrity and independence is critical to the sustained success of the economy. The reforms that may result from the deliberations of the Board and of other regulatory or legislative bodies should focus on achieving a crucial balance of responsible standards that protect the consumer as well as foster trust in the profession and the capital markets.

As licensees, you are encouraged to take an active role in the ongoing process to assist in shaping the regulatory environment affecting your profession. As members of the Board, we will be pleased to know of your concerns and your ideas.



Navid Sharafatian, Esq.
President

Cessation of Pathway Zero

As a result of the passages of SB 133 and AB 585, the majority of new candidates are required to satisfy increased educational requirements to qualify for the Certified Public Accountant license in California.

Applicants who must satisfy the new educational requirements include:

- California candidates who did not sit for at least two sections of the May 2002 or prior Uniform CPA Examination in California.
- Out-of-state licensees.
- Individuals who passed the CPA Exam as an examination applicant of another state.

Effective January 1, 2002, under Business and Professions Code Sections 5092 (Pathway 1) and 5093 (Pathway 2), candidates for the CPA license in California must provide satisfactory evidence of the completion of a baccalaureate or higher degree from a regionally accredited college or university. Qualifying education also must include a minimum of 24 semester units of accounting and 24 semester units of business-related subjects.

Although transitional provisions in the new law provide some candidates the option of completing the licensing process under the requirements that were in effect on December 31, 2001 (Pathway 0), the option for licensure under Pathway 0 only is available to candidates who sat for at least two sections of the CPA Exam in California before May 15, 2002.

Under Pathway 0, applicants are required to apply and qualify for licensure by December 31, 2005. If the candidate does not apply and qualify for licensure by December 31, 2005, the candidate must satisfy the increased educational requirements, retake all sections of the CPA Exam, and reapply for licensure under Pathway 1 or Pathway 2.

Selecting a Pathway

Applicants should carefully consider their Pathway selection when applying to sit for the CPA Exam, because this decision may affect their options for licensure.

For example, an applicant who applies for, qualifies for, and passes the CPA Exam under Pathway 1 must satisfy Pathway 1's two-year general experience requirement to qualify for the CPA license. However, an applicant who applies for, qualifies for, and passes the CPA Exam under Pathway 2 has the option of applying and qualifying for licensure under Pathway 2, which includes only a one-year experience requirement, or switching Pathways and applying and qualifying for licensure under Pathway 1.

Information regarding the increased educational requirements to qualify for the CPA license in California is provided in "Important! Changes to Examination and Licensure Requirements," published in *Update* Issue No. 49, and also is available on the Board's Web site on the "What's New" page. The "Regulation Change Notice" also was published in *Update* Issue No. 49 and is currently available on the Board's Web site from the "Table of Contents" page under "Codes and Regulations."

The Board's Web site will be updated when the regulations are changed, and the Board's staff is developing a Licensing Candidate Handbook, expected to be available by July 2002. ❖

Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832

Licensing FAQ

Question:

My 2000 license renewal form stated that my next professional conduct & ethics (PC&E) course would be due in 2004. But I just received my 2002 license renewal form, and it says that PC&E is due in 2002. Why?

Answer:

In February 2002, the Department of Consumer Affairs made a system upgrade to the Board's computer system. This upgrade caused a system glitch that converted some PC&E due dates to the year 2002. As a result, when renewal forms are printed from the system, some PC&E due dates are showing 2002 in error.

If you reported a PC&E course in 1998 or later, and your renewal form is showing the 2002 due date in error — contact the Renewal Unit at (916) 263-3934 or by e-mail to renewalinfo@cba.ca.gov to verify your correct PC&E due date.

As an alternative to e-mailing or telephoning, you may attach a copy of the PC&E certificate of completion to your renewal form, and the Board will update your records.

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Forms and Publications available at www.dca.ca.gov/cba

Of Importance to the CONSUMER

FORMS

Consumer Complaint Form - about a Licensee
Citizens Complaint Form - About the Board

PUBLICATIONS

Report and Recommendations on Audit Standards and Practices

Of Importance to the LICENSEE

FORMS

Address Change Form - Licensee
CE Extension / Exemption Request
CE Report - for Renewal
Certification Request Form
Name Change / Certificate Replacement Request
Renewal Information & Instructions
Status Conversion Form

PUBLICATIONS

CPA Licensee Handbook
Disciplinary Guidelines Manual
Mediation Guidelines
Update Publication

Of Importance to the CPA EXAMINATION APPLICANT

FORMS

Application Checklist
Accommodation of Disabilities Request
Address / Name Change Form - Exam Candidate
Certification Request Form
Examination Application - Online
Examination Application - Hardcopy Request
Medical Consideration Request
Out-of-State Form
Proctor Request Form
Site Change Request

PUBLICATIONS

Uniform CPA Examination Booklet

Of Importance to the CPA LICENSING APPLICANT

FORMS

Application Check Sheet
Application Form & Instructions
Certification of Grades and/or Licensure Form
Certification Request Form
CE Reporting Form - for Initial Licensure
Criminal Conviction Disclosure Form
Fingerprinting Packet Request
Form E - Certificate of Experience
Form G - General Experience, Public Accounting
Form G - General Experience, Private/Government
Waiver of Practice Rights Form

Quality...Commitment...Results

Appointment Opportunities to Board Committees Deadline to Apply – September 6, 2002

The Board is actively recruiting licensees with diversified backgrounds who have the technical skills, the interest, and the commitment to serve on one of the Board's advisory committees for the year 2003. Being a committee member is an opportunity to actively participate in the regulation of the accountancy profession and to become an integral part of the organization charged with providing consumer protection amidst changing consumer demographics and the evolving nature of the profession. Your service benefits both the consumer and the profession.

Committee appointments are for a term of one year; appointed individuals may serve a maximum of eight terms. Committee members receive a per diem of one hundred dollars for each day spent in the discharge of official duties and are reimbursed under state policies for travel and other expenses incurred in the performance of committee duties.

Vacancies are anticipated for the Administrative Committee, the Qualifications Committee, and the Report Quality Monitoring Committee.

Each committee's activities and required time commitments vary and are as follows:

ADMINISTRATIVE COMMITTEE

The Administrative Committee assists the Board in an advisory capacity with its enforcement activities by receiving and investigating complaints against licensees. The committee conducts investigative hearings, and it may recommend a course of action upon the conclusion of investigations. The committee also considers, formulates, and proposes policies and procedures to the Board related to the Board's Enforcement Program. This committee is limited by statute to a membership of 13 licensees. It meets four to five times during the year, generally for one day, alternating between a northern and southern California city.

QUALIFICATIONS COMMITTEE

The 21-member Qualifications Committee acts as an advisory committee and assists the Board in its licensure activities by reviewing the accounting and attest experience of applicants for licensure and making recommendations to the Board. This responsibility includes conducting work paper reviews, with the applicant or employer present to respond to inquiries. These procedures are designed to verify that the responses provided on the Board's Form E concerning the applicant's attest experience are appropriate and that the requirements for licensure have been met.

The following characteristics are sought in members of the Qualifications Committee:

- Regularly sign attest reports and have extensive experience in performing audits and reviews in a variety of industries.
- Typically have a minimum of ten years' experience, are a partner or equivalent, and have strong familiarity with accounting and auditing pronouncements.
- Members are from all sizes of firms and represent a balance from both the northern and the southern part of the state.
- Completion of the 24-hour Accounting & Auditing continuing education requirement for each license renewal cycle.

The committee meets five times annually, generally for one day, for a total annual commitment of approximately five to eight days.

(Please see Appointment Opportunities, continued on page 15)

REPORT QUALITY MONITORING COMMITTEE

The Report Quality Monitoring Committee monitors and promotes professional competence by ensuring licensees' compliance with accepted reporting and accounting standards. The 25-member committee is responsible for reviewing financial reports of a randomly selected sample of licensees to evaluate the degree to which accounting and reporting standards are met, and recommending appropriate education to licensees when financial reports are below an acceptable rating. It also is responsible for apprising the Board of the results of the practice monitoring.

The following characteristics are sought in members of the Report Quality Monitoring Committee:

- Demonstrated expertise in the preparation of accountants' reports and the application of generally accepted accounting principles in the preparation of full-disclosure financial statements, as validated by a review of a sample of the licensee's reports.
- Specialized expertise regarding the preparation of full-disclosure financial statements for not-for-profit, government/special districts or regulated industries is desirable, but not required.
- Practiced a minimum of five years and work at least at a manager or supervisor level.
- Represent both large and small firms, to provide a spectrum of experience.
- If actively practicing, the licensee, or the licensees' firm, should be a member of a practice monitoring program, and should have received an unmodified report in the last peer review year.
- Completion of the 24-hour Accounting & Auditing continuing education requirement for each license renewal cycle.

The committee conducts two open business meetings per year and holds closed-session meetings for the purpose of report review as often as necessary. The meetings are held alternately in regional locations in northern and southern California. In selecting committee members, consideration will be given toward achieving equitable representation of all geographic areas of the state. Members are expected to attend closed meetings only in their own regions.

If committee membership interests you, submit a letter of intent with a résumé or curriculum vitae, including your CPA license number and the name of the committee in which you are interested.

Please mail your letter of intent and résumé to:

Carol Sigmann, Executive Officer
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832

As an alternative, you may submit your letter of intent and résumé as attachments via e-mail directly to tstudebaker@cba.ca.gov. Please do not submit any documents with macros.

Letters of intent with résumés are requested no later than September 6, 2002.

All applicants requesting appointment to a Board advisory committee must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, maintain an active license status during tenure on the committee. There must also be no pending enforcement actions against the licensee. Candidates will also be reviewed for any results of Report Quality Monitoring Committee, Sections 69 and 89.1 work paper and continuing education reviews.

Each committee chair will interview qualified applicants and make recommendations to the Vice President of the Board. If an applicant is recommended for appointment, that name will be placed on the agenda for adoption by the Board at its November meeting.

If you have additional questions about committee responsibilities, committee member qualifications, or the appointment process, please telephone Ms. Theresa Studebaker of the Board's staff at (916) 263-3979, or e-mail her at tstudebaker@cba.ca.gov. ❖

Future 2002 Meetings

June 19, 2002	July 11, 2002	July 19, 2002
Sofitel San Francisco Bay 223 Twin Dolphin Drive Redwood City, California 94065 Qualifications Committee	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, California 95815 Report Quality Monitoring Committee	Crowne Plaza Union Square 480 Sutter Street San Francisco, California 94108 Board Meeting Committee on Professional Conduct
August 15, 2002	August 28-29, 2002	September 20, 2002
Sheraton Grand Sacramento 1230 J Street Sacramento, California 95814 Administrative Committee	Sheraton Gateway Hotel 6101 West Century Blvd. Los Angeles, California 90045 Qualifications Committee	Sacramento Board Meeting Committee on Professional Conduct
October 23-24, 2002	November 7, 2002	November 15, 2002
Southern California Qualifications Committee	Barnabey's Hotel 3501 Sepulveda Blvd. Manhattan Beach, California 90266 Administrative Committee	Los Angeles Board Meeting Committee on Professional Conduct

Board, committee, and task force meetings are open to the public. Licensees are encouraged to attend. As meeting locations become known, they will be posted on the Board's Web site at www.dca.ca.gov/cba and are also available by calling the Board's office at (916) 263-3680.

Public notices and agendas are posted to the Web site 10 days prior to the meeting.

Information

Each issue of *Update* contains important information about the public accounting profession, including notices of proposed hearings on regulation changes, Board and committee meetings, proposed new regulatory language, and topical information about enforcement, examination, licensure, and continuing education issues. For ease of reference, we suggest that after you receive and read *Update*, you place these issues in your professional library. For your convenience, all issues of *Update* since 1998 also are posted on our Web site at www.dca.ca.gov/cba.

Regulation Notice

TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Crowne Plaza Union Square, 480 Sutter Street, San Francisco, CA 94108, at 2:00 p.m., on July 19, 2002. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office no later than 5:00 p.m. on July 18, 2002, or must be received by the California Board of Accountancy at the hearing. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as Contact Person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010, 5018, and 5027 of the Business and Professions Code, and to implement, interpret or make specific Sections 5010, 5018, 5026, 5027, 5051, and 5088 of said Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

1. Amend Section 87 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5027 requires the California Board of Accountancy to adopt regulations specifying continuing education requirements for its licensees including a requirement that licensees who provide audit, review, or compilation services complete 24 hours of accounting and auditing continuing education during the two-year renewal cycle. Section 87 of Title 16 implements this requirement.

A new accounting standard was issued, effective December 31, 2000, which permits a licensee to prepare a compiled financial statement without issuing a report in those instances in which the financial statement is intended for management use only.

This proposal would update continuing education requirements to indicate that licensees compiling these financial statements are subject to the 24 hour accounting and auditing continuing education requirement during the two-year renewal period in which the report is issued.

The objective of this proposal is to clarify continuing education requirements and time frames for those licensees who issue compiled financial statements not intended for use by third parties.

2. Amend Section 89.1 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt, amend, or repeal such regulations as may be necessary for the orderly administration of the Accountancy Act. Section 5018 authorizes the Board to prescribe, amend, or repeal regulations related to rules of professional conduct.

Section 89.1 of Title 16 of the California Code of Regulations requires licensees, selected on the basis of a statistical sampling, to submit copies of financial reports to enable the Board to monitor compliance with applicable accounting principles and reporting standards.

This proposal would revise Section 89.1 to clarify which licensees are required to submit reports. The objective of this proposal is to clarify requirements and eliminate any confusion among licensees regarding report submission requirements.

(Please see Regulation Notice, continued on page 18)

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.

Nondiscretionary Costs/Savings to Local Agencies: None.

Local Mandate: None.

Cost to Any Local Agency or School District for Which Government Code Section 17561 Requires Reimbursement: None.

Business Impact:

The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states,

AND

The following studies were relied upon in making that determination: None.

Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact on Representative Private Person or Business:

The California Board of Accountancy is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The California Board of Accountancy has determined that the proposed regulations would affect small businesses.

CONSIDERATION OF ALTERNATIVES

The California Board of Accountancy must determine that no reasonable alternative which it considered or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

(Please see Regulation Notice, continued on page 19)

INITIAL STATEMENT OF REASONS AND INFORMATION

The California Board of Accountancy has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the web site listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed administrative action may be addressed to:

Name: Aronna Granick
 Address: California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815

 Telephone: (916) 263-3788
 Fax: (916) 263-3675
 E-Mail: agranick@cba.ca.gov

The alternate contact is:

Name: Mary Crocker
 Address: California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815

 Telephone: (916) 263-3940
 Fax: (916) 263-3675
 E-Mail: mcrocker@cba.ca.gov

Inquiries concerning the substance of the proposed regulations may be directed to Aronna Granick at (916) 263-3788.

Web site access: Materials regarding this proposal can be found at www.dca.ca.gov/cba.

(Please see Regulation Notice, continued on page 20)

TEXT OF PROPOSAL**Section 87. Basic Requirements.****(a) 80 Hours.**

As a condition of active status license renewal, a licensee shall complete at least 80 hours of qualifying continuing education as described in Section 88 in the two-year period immediately preceding license expiration and meet the reporting requirements specified in subsection (a) of Section 89. A licensee engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code is required to hold a license in active status. No carryover of continuing education is permitted from one two-year license renewal period to another.

(b) Government Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency shall complete 24 of the 80 hours required pursuant to subsection (a) in the areas of governmental accounting, auditing or related subjects. This continuing education shall be completed in the same two-year license renewal period as the report is issued. A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. Related subjects are those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) Accounting and Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter specified in this subsection. Course subject matter must pertain to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. If no report is issued because the financial statements are not intended for use by third parties, the continuing education shall be completed in the same two-year period as the financial statements are submitted.

(d) New Licensees.

A licensee receiving an initial CPA license from the California Board of Accountancy shall be required to complete 20 hours of continuing education as described in Section 88 for each full 6 month interval in the initial license period as a condition of active status license renewal. A licensee engaged in governmental auditing as described in subsection (b) at any time during the initial license period shall complete 6 hours of governmental continuing education as described in subsection (b) as part of each 20 hours of continuing education required for active status license renewal. A licensee who provides audit, review, compilation, or attestation services as described in subsection (c) at any time during the initial license period shall complete 6 hours of accounting and auditing continuing education as described in subsection (c) as part of each 20 hours of continuing education required for active status license renewal. If the initial license period is less than 6 full months, there is no continuing education required for license renewal.

(e) Out-of State Licensees.

Any person who applies to the Board for a certified public accountant certificate under the provisions of Section 5087, may obtain the Board's approval to engage in the practice of public accountancy under the provisions of Section 5088 subject to the applicant having completed 80 hours of qualifying continuing education within the preceding two (2) years. The Board reserves the right to verify the applicant's continuing education. If a CPA certificate is granted by the California Board of Accountancy, the provisions of subsection (d) shall apply.

(f) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(f) of the Accountancy Act.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028, 5051 and 5088, Business and Professions Code.

(Please see Regulation Notice, continued on page 21)

Section 89.1. Reports.

(a) For purposes of monitoring and promoting compliance with applicable accounting principles and reporting standards, the Report Quality Monitoring Committee may require licensees, selected on the basis of a statistical sampling or upon referral from another committee of the Board, to supply copies of selected financial reports they have issued during the previous two years. This requirement applies to ~~those licensees~~ any licensee who, within the previous two years, ~~have had primary responsibility for, and authority to sign,~~ signed his or her name or the name of the firm on a financial report(s). The financial report or reports to be submitted shall be selected by the responding licensee and shall reflect the highest level of service rendered by such licensee during the period.

For purposes of this regulation, financial report shall mean

- (1) the licensee's report issued as the result of an engagement covered by generally accepted auditing standards or government auditing standards (audit), or standards for accounting and review services (compilation or review), or attestation standards (attest engagements),
 - (2) accompanying financial statements or other client assertion,
 - (3) accompanying footnotes, and
 - (4) supplementary financial data, if any.
- (b) Willful failure or refusal of a licensee to comply with the Board's written request for a copy of financial report(s), within 30 calendar days of the licensee's receipt of that request, constitutes a violation of Section 5100(f) of the Accountancy Act.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Sections 5010 and 5018, Business and Professions Code. ❖

Disciplinary Actions and Standard Probationary Terms

When the Board receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Board's Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs Division of Investigation.

Following this investigation, or for other reasons, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

The Board may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the Board or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the Board, and cooperate fully with representatives of the Board in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- Be subject to, and permit a "practice investigation" of the Respondent's professional practice. Such a "practice investigation" shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the California Board of Accountancy.
- In the event Respondent should leave California to reside or practice outside this state, Respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the Board.
- If Respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.
- Upon successful completion of probation, respondent's license will be fully restored.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered by the Board of Accountancy, or the matter may be settled. The Board may either accept the proposed decision or decide the matter itself. Please note that Board actions reported here may not be final. After the effective date of the Board's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the Board's decision or return the decision to the Board for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary actions are available by sending a written request to: California Board of Accountancy, Attention: Disciplinary Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow approximately three weeks for each request.

Disciplinary Board Actions through 3/1/02

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
GORDIN, CLARK WILLIAM and GORDIN ACCOUNTANCY CORPORATION Modesto, CA (CPA 22016 and COR 4335) Revocation of CPA Certificate, via stipulated settlement. Effective March 1, 2002	<p>For purposes of the Board's proceeding, Respondent admits that he was convicted of a crime substantially related to the practice of public accountancy, and that the two audit engagements he performed of the financial statements of Sundial Financial Services, Inc. were grossly negligent.</p> <p>On or about October 5, 2000, Respondent was convicted of misprision of felony, pursuant to a guilty plea in the United States District Court, Eastern District of California.</p> <p>Respondents were grossly negligent in their audits of financial statements of Sundial Financial Services, Inc. for the periods ended January 30, 1998, and August 31, 1998. The audits contained extreme departures from generally accepted accounting principles and generally accepted auditing standards.</p> <p>Specifically, Respondents failed to obtain sufficient competent evidential matter regarding the ownership rights and valuation of investments, failed to modify their audit report for departures from generally accepted accounting principles, and failed to exercise due professional care in the performance of the audits.</p>	Business and Professions Code, Division 3, Chapter 1, § 5100 (a), (c), and (f). California Code of Regulations, Title 16, Division 1, § 58.

(Please see Disciplinary Actions, continued on page 24)

Other Board Actions 3/1/02 through 4/28/02

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
ALFAKHOURI, IBRAHIM Rialto, CA (Exam Applicant) Via default decision, Applicant/Respondent is barred from admittance to future California Uniform CPA Examinations commencing with the May 2002 examination, until further order of the Board. Applicant/Respondent is denied credit for passing any portion of the CPA Examination to date. Applicant/Respondent shall not be given credit for passing any portion of the CPA Examination in any future examination taken in California or any other jurisdiction, until further order of the Board. Applicant/Respondent shall be barred from licensure as a Certified Public Accountant until further order of the Board. Applicant/Respondent may petition the Board for admission to the CPA Examination and for other relief by further order of the Board, not less than three years from the effective date of this decision. Effective April 28, 2002	Applicant/Respondent was alleged to have subverted the May and November 1999 CPA Examinations by copying answers from other examinees. Applicant/Respondent has abandoned his request for a hearing and is in default. Applicant/Respondent failed to provide the Board with a forwarding address or new address and has not received the Notice of Hearing.	Business and Professions Code, Division 3, Chapter 1, §§ 123 (b), 480 (a), 5100 (a), 5110, 5111, and 5112.

(Please see Disciplinary Actions, continued on page 25)

Other Board Actions 3/1/02 through 4/28/02

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
<p>JASTROB, FRANK San Jose, CA (Exam Applicant)</p> <p>Via stipulated settlement, Applicant/Respondent is denied licensure as a California Certified Public Accountant and prohibited from taking the California Uniform CPA Examination prior to May 2003.</p> <p>Applicant/Respondent can take and receive credit for passing the Ethics Examination at any time following the effective date of this decision.</p> <p>If Applicant/Respondent passes the CPA Examination and meets all other requirements for licensure, the license will be issued as revoked, revocation stayed, and placed on probation for three years, with the standard terms and conditions of probation.</p> <p>Effective April 28, 2002</p>	<p>Applicant/Respondent admits to the charges contained in the Statement of Issues for the purpose of this proceeding.</p> <p>Specifically, Applicant/Respondent admits that he cheated on the November 2000 and May 2001 CPA examinations by sitting next to a person he knew from a prior business and personal relationship. Respondent admits copying answers from this other candidate during the May 2001 CPA examination.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 123 (b), 480 (a), 5100 (a), 5110, 5111, and 5112.</p>
<p>LLOYD, GARY D. Prospect, OR (CPA 61128)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Respondent's license is suspended for 30 days.</p> <p>All audits and reviews performed during the probationary period must be reviewed, prior to issuance, by another CPA approved by the Board.</p> <p>Tolling of probation for out-of-state residency.</p> <p>Completion of 40 hours of designated continuing education, as part of 80 hours required for renewal in active status.</p> <p>Respondent is required to reimburse the Board \$4,140.53 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective April 28, 2002</p>	<p>For purposes of settlement, Respondent admits the working papers he and his unlicensed brother prepared for an audit of a San Diego homeowners association for the year ended December 31, 1998, were deficient in several areas.</p> <p>The working papers were lacking in the following areas:</p> <ul style="list-style-type: none"> ■ Sufficient competent evidential matter to afford a reasonable basis for an opinion. ■ Audit programs. ■ Documentation of adequate planning and supervision. ■ Assessments of control risk and of the risk of material misstatements due to fraud. ■ Client or attorney representation letters. ■ Evidence of the consideration of subsequent events that may have required adjustment or disclosure essential for a fair presentation. 	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c) and (f). California Code of Regulations, Title 16, Division 1, § 58.</p>

Other Board Actions 3/1/02 through 4/28/02

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
MORAN, MAXINE C. Oceanside, CA (CPA 31999) Revocation stayed with three years' probation, via proposed decision. Within 30 days of the effective date of this decision, Respondent shall pay the administrative fines and comply with the order of correction set forth in Citation No. CT-2000-8. Effective March 1, 2002	<p>On October 8, 1999, Citation No. CT-2000-8 was issued. The citation was delivered to Respondent's address of record by certified mail on November 12, 1999.</p> <p>The citation alleged two violations: failure to respond to the Board's inquiries and failure to furnish financial statements for the Board's review in accordance with the Report Quality Monitoring Committee.</p> <p>The citation specified orders of correction and proposed administrative fines totaling \$2,500. Respondent did not contest the citation, nor did she comply with the orders of correction, or pay the administrative fines.</p>	Business and Professions Code, Division 3, Chapter 1, § 5100 (f). California Code of Regulations, Title 16, Division 1, § 95.4.

Disciplinary Definitions

Accusation

A formal document that notifies a licensee of the agency's charges against the licensee.

Cost Recovery

The licensee is ordered to pay the Board certain costs of investigation and prosecution including, but not limited to, attorney fees.

Default Decision

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The Board takes action without a hearing based on the accusation and documentary evidence on file.

Effective Date

The date the disciplinary decision becomes operative.

Probation

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

Reinstatement

A revoked license that is restored, not sooner than one year from the date of revocation, to a clear or inactive status after petition to and approval by the Board. Reinstatement may include probation and/or terms and conditions.

Revocation

The individual, partnership, or corporation is no longer licensed as a result of a disciplinary action.

Stayed

The action does not immediately take place and may not take place if the license complies with other conditions (such as a probation term).

Stipulation

The matter is negotiated and settled without going to hearing.

Suspension

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

Voluntary Surrender

The licensee has voluntarily surrendered the license. The individual, partnership, or corporation is no longer licensed. Surrender may also require certain conditions be met should the former licensee ever choose to reapply for licensure.

ADDRESS CHANGE FORM

A separate change of address form must be submitted for each license type.

Please Print

Name of Licensee

Individual (CPA/PA) - Lic. No. _____

Last	First	Middle

Name of Firm

☐ Corporation ☐ Partnership ☐ Fictitious Name License No. _____

Firm Name

Address of Record

Be advised that your address of record is public information, and all Board correspondence will be sent to this address.

☐ Home ☐ Business (check one)

--

Business Name (if different from name above)

--

Street ☐ Apt. # ☐ Suite # (check one)

--	--	--

City State Zip

Other Address

Provide a street address if your address of record is a mail drop or a Post Office Box. This address will not be posted on the Web License Lookup.

☐ Home ☐ Business (check one)

--	--

Street ☐ Apt. # ☐ Suite # (check one)

--	--	--

City State Zip

Daytime Phone Number

-	-
Area Code	

Date of Birth

Mo.	Day	Year

I certify the truth and accuracy of all of these statements and representations.

Signature of Licensee,
Licensed Partner, or
Licensed Shareholder _____

Date _____

Print your name _____

A licensee who fails to notify the California Board of Accountancy within 30 days of a change in his/her address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

The Board maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do not want your name included on this list. ☐
Please Note: Your name and address of record is public information and can be accessed through our Web site at www.dca.ca.gov/cba.

Mail to: California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832

or **FAX to:** (916) 263-3675

Board of Accountancy Directory

Board Office	(916) 263-3680
Board Office Facsimile	(916) 263-3675
License Status Check	(916) 263-3680
..... Also available on Board Web site.	
General Examination Questions	examinfo@cba.ca.gov
..... (916) 263-3953 or 263-3958	
... Facsimile (916) 263-3677 or (916) 614-3253	
Enforcement Information and Questions	enforcementinfo@cba.ca.gov
..... (916) 263-3971	
..... Facsimile (916) 263-3673	
Certifications	(916) 263-3949
Initial Licensing — Individual:	licensinginfo@cba.ca.gov
..... fingerprinting@cba.ca.gov	
..... (916) 263-3947	
..... Facsimile (916) 263-3676	
Initial Licensing — Partnerships, Corporations, Fictitious Names:	(916) 263-3944
..... Facsimile (916) 263-3676	
Renewal for CPA/PA, Partnerships, Corporations, Continuing Education:	
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